

FISCAL NOTE

SB 1151 - HB 1487

April 4, 2001

SUMMARY OF BILL: Prohibits the State Insurance Committee and the Local Education Insurance Committee from entering into a contract for any services relating to the administration of the state health plan with any hospital and medical service corporation, insurance company, claims administrator or other organization that has been requested to administer TennCare benefits as a risk contractor and declines to do so.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$100,000

The impact of the bill will depend on the number of insurance companies who choose not to bid on the state's employee health insurance plans that would have bid in the absence of the bill and the extent of savings that might accrue to the state had those insurance companies been allowed to bid. The amount of such increase cannot be determined but based on the assumption that the restriction placed on the market will reduce the number of competitive bids for state insurance contracts, such potential cost increase is estimated to exceed \$100,000. For information purposes the state currently has a health maintenance organization plan, a point of service plan and a preferred provider plan available for it's employees.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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